

HIGHER EDUCATION: ANSWERS TO FREQUENTLY ASKED QUESTIONS

How Do Student Fees Contribute to Public University Funding?

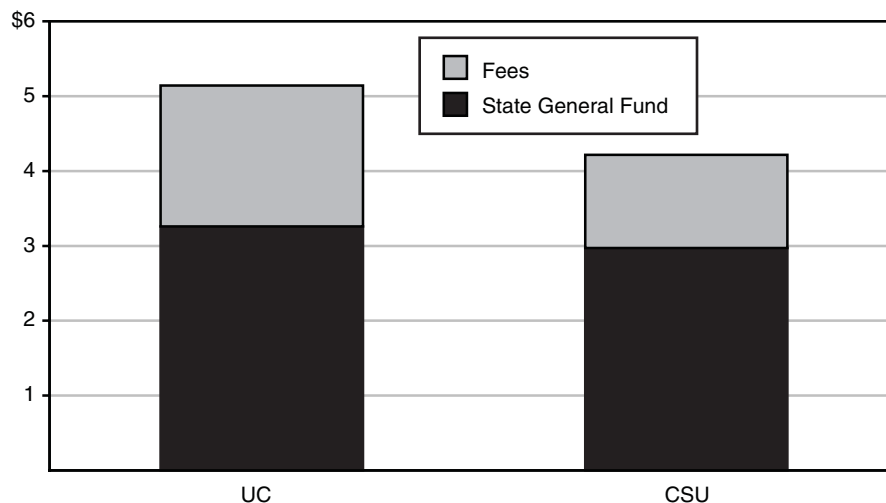


Fee Revenues Support the Universities' General Educational Costs

- Each university system collects fees from its students. These fees help to support the universities' general education costs. The other main source of funding for education costs is the state General Fund.
- The figure shows how much of this revenue the university systems receive. Student fees work interchangeably with General Fund monies to support educational costs.

2007-08 Budgeted General Fund and Fee Revenues University of California and California State University

(In Billions)



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(Continued)



Several Factors Determine How Education Costs Are Shared Between the State and Students

- Each year, the state determines the total support needed for each university system based on enrollment, cost increases, and other policy decisions.
- The systems and the state must then decide how these costs should be shared between students and the state. Existing fee levels, the current share of cost paid by each party, the availability of student financial aid, and the financial condition of the state all play a role in these decisions.
- The state has allowed both university systems to set aside a portion of new fee revenues, typically one-third in recent years, for student financial aid. The campuses use these funds to pay fees and other costs for financially eligible students. The traditional one-third set-aside does not necessarily match increased need for financial aid. For 2008-09, we estimate that it would require about a quarter or less of new revenues to cover 10 percent fee increases at the universities.



Establishing Fee Levels Involves Both the Legislature and the Universities

- The two university systems' governing boards have formal authority to set student fees for their respective systems.
- However, because of the interdependence of General Fund and fee revenues, these boards and the Legislature take each other's funding decisions into consideration.